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union leaders round a table, and we decided mutually that it was a case for reduction. There was never an angry word, never an angry thought. Our unemployment scheme made the matter easier, not more difficult.

Nor does it demoralize the workers. We had an ugly, dirty job to offer the other day in the factory. Some men who were getting \$15.60 a week unemployment benefit said: "Give us a chance at that job, if necessary at the sum we are getting now. We want to work!" The working man is no more naturally lazy than we are ourselves. We all like a holiday, but we are soon tired of it, and we want to get back into harness.

In conclusion, the evils of unemployment are such as no civilized com-

munity should tolerate. They sap the health and the vitality of millions of human beings, and they are unnecessary evils. For a weekly contribution of a few cents from each worker, and a tax of about 3 per cent on the wage bill, industry can sweep away these evils. I beg of you not only to find out and adopt every possible measure for reducing the volume of unemployment, but to introduce, without delay, a wisely considered scheme of unemployment insurance. If you cannot get a whole state, or a whole industry, to move, do your utmost in your own factories! It is a duty you owe to the workers who are your fellow citizens. It is a duty you owe to your selves. It is a duty you owe to the country.

Regularization of Industry Against Unemployment

By HENRY S. DENNISON

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IN discussing the question of unemployment, Mr. Rowntree has said¹ that the most important thing is to provide for its removal, but added that, as it can never be entirely removed, a proper scheme of unemployment insurance is desirable.

In this connection I want to emphasize two points: In the first place, do not forget how successful is the faculty of the human mind to find reason for the things it wants and against the things it does not want; we must therefore discount the opinion in the minds of some American business men that England is ruined by its unemployment insurance. I do not know whether unemployment insurance is the best thing or not. I am inclined to think it is an important piece of social machinery. At any rate we should not be too frightened to talk it over.

¹ See page 95.

In the second place, we must remember in considering any such vital piece of social machinery that it affects the whole social structure. Our fire hazard today is not what it was before the mutual fire insurance companies began to do business; it is very much lower. Our accident situation is different since we have had compensation policies; and if one would put in unemployment insurance, he must realize that the situation as it is today will not remain the same. With any sort of wise plan of insurance the rate of unemployment will be made better because it will be to the interest of management to make it better.

Our company has taken the plunge into unemployment insurance, and we found the water was not as cold as we thought it would be. I should like to see the next experiment in this country an attempt at mutual insurance against

unemployment. I should like to see the rate vary with the regularity of employment in the industry. The mutual fire insurance companies stick you if you have a dangerous risk and I should like to see such an arrangement worked out in unemployment insurance.

There are two kinds of problems that we must face in the matter of the regularization of industry. One kind arises from irregular employment due to seasons and the other from irregular employment due to cycles. I strongly urge that you keep these two separate in your minds.

REGULARIZATION OF CYCLICAL UNEMPLOYMENT

As to irregular employment due to the cycles which occur approximately once in seven to ten years, with minor cycles about every three years, preventive work must be done in normal times and more particularly in prosperous times. The job of regularization against business depression is a job which takes active form just before we get too drunk on prosperity. When business is recovering from a depression and the curve comes up and crosses the line which might represent a normal increase, profits are increasing at a rapid rate, and we have an optimistic tendency to continue that line indefinitely into the future, thinking we shall always go on at that rate. There is at this time a very strong temptation to over-expansion, and it is at this point that the business man ought to bring to a focus his best attention. We feel too good. We ought to take a careful account of stock and look into the future; but let me urge also that we should look into the past and tabulate the curve, the track of our sales over as long a period of years as we can.

Most of us have been through three or four periods of depression and what

have we learned from them? We have learned little or nothing, because, as Mr. Cooke has said, the practical application of what we have learned must each time be postponed for a period of two years, or more. This time we must not forget, because we have learned that the inability to employ ready, able and willing workers is an unanswerable indictment against our present social system. We need have little fear as to some of the other indictments often brought against our social system, but it is mighty difficult to answer the indictment that an industrial system which boasts that it gives every man a chance to get ahead fails every few years to meet the most fundamental needs of its workers. The world is now in need of all sorts of goods, yet we cannot offer men jobs making these goods.

In prosperous periods we must prepare for depression. In our company we have drawn many curves of our past experiences and we pay close attention to the economic bureaus which give curves condensing the vital statistics of the present situation. In this way we were able to make the estimates, very simply and without any particular genius, that allowed us in January, 1920, when everything was overselling sixty per cent, to make adequate preparation for the depression which struck us in November. It was not difficult, because we had men in our Research Department whose duties were to study, watch closely and figure where we were in the business cycle. Everybody was skating on thin ice and the ice broke, and there was quite a crash in several places. Out at Akron, Ohio, there was general commotion and shoes and textiles were materially affected. Yet I know business men who were buying their year's supplies in August and September, 1920, at high prices when four major industries

had already slumped. It is not difficult to keep in the course if one studies the present as growing out of the past and does not just look at the increase in present figures over past percentages and say, "Isn't that fine?"

We study the cycle with reference to the work of several of our departments. This does not mean that we always get it right. We do not know exactly when changes are coming and do not much care within a few months. Of the great group of commodities which constitute more than half our purchases we buy to have smaller quantities on hand when prices are well above a normal line. We purchase to larger stock standards when the price of any commodity is below its normal line. During war-times the normal lines go to pieces, but war-times are exceptional. Most of the time those lines are fairly easy to determine. When prices go much above that line, we buy from hand to mouth; when below, we buy more generously. We cannot help winning in the long run on this policy. Our advertising is managed on a similar basis. The advertising appropriations are made on a five-year basis and the manager is supposed to reserve his advertising appropriation in good times and blow himself in hard times. This is the principle applied in every department of our organization.

REGULARIZATION OF SEASONAL UNEMPLOYMENT

Regulation of seasonal unemployment requires the use of plans which will vary somewhat, according to the industries to which they are to be applied. In our case, we first got our sales department to get its orders for seasonal goods just as much in advance as possible. We have been surprised to discover how successful they have been. We used to think that jewelers would not order their Christ-

mas stocks until May, but we have found they are glad to order in January, just after cleaning up after the rush. Seasonal orders can be obtained well ahead in many other lines also.

In the second place, we increase the proportion of non-seasonal orders, especially long-delivery items, so that we can work them in during the idle times, and we plan our inter-departmental needs well in advance. Where formerly we let the departments order goods as they liked, now we fit their orders into our other work. For instance, boxes for the sealing wax department are made during the slack periods of the jewelry trade.

In the third place, we build up out-of-season items and vary or add to our lines so as to prevent lay-offs. In the box business the die printers were idle for a certain period each year; so we added die-printed Christmas cards, which are made for the following Christmas during the idle period.

In the fourth place, we do all we can to train our workers for more than one job, and this plan has yielded very satisfactory results. It has given greater flexibility to factory control and stimulated the interest of the workers as well.

I have barely outlined our plans as it would not be possible to go into detail, but I assure you that there is much detail involved in such a program. Much time and patience are required before results are evident, but we have been so far successful that for some years we have run at virtually even production throughout the year, and when the curve of the present depression touched its lowest point, we were able to maintain ninety-six per cent of our normal operation.

I urge you employers to take the unemployment problem as up to you! Don't figure on letting George do it; it's better to help Herbert do it! Don't

figure that the cure for unemployment is the repeal of the Adamson Law, or that the cure is something somebody else can do. It might be, but if it does not happen to be, you have left yourself out in the cold; none of us does his share unless he figures that share to be a little bigger than it really is. The job is up to us! There is much the government can do; there is much the financial group can do; but the greatest share of the job is ours and if we are going to call ourselves managers, let's put mind and soul to this big

task of solving one of the most pressing and vital problems of every industry.

The present condition of unemployment is so serious and is such an indictment against the social system that I earnestly urge you to remember for the next two years, during which the real preventive work must be done, that it is up to you—up to every one of us—to take effective measures so that the next depression will not find us so ill-prepared, will not find us having learned so little from all the depressions that have occurred in the past.

The Russian Famine Region

By VERNON KELLOGG

Special Investigator for the American Relief Administration in Russia

ONE can judge of the situation in a country in which there is an alleged famine by either one or both of two ways. One can study in an office the figures of normal production and consumption and compare them with abnormal production and get a very fair idea of what the food situation must be in the affected region. For example, in the single province, or government, in Russia, of Samara on the Volga river, the annual pre-war production of grain (wheat, rye, oats and barley) was about 120,000,000 poods (a pood is 36 pounds); in 1920 it was 18,000,000 and in 1921, 3,000,000. That is just about enough to feed all the people of this province, if this 3,000,000 poods of grain were equally distributed, for one and a half months. Under such conditions there is bound to be famine unless some food is coming in from the outside.

But there is another way to estimate the situation in a country claiming to be suffering from hunger. That is to see the fields and warehouses and markets and the people themselves.

When you start from Moscow towards the Volga river across the broad plains to the east of the great city, you soon become aware of the peculiar apathy and deadness of the people at the trains; and as you get further along, your attention is unescapably attracted by groups who are camping by the railroad and at the railroad stations. These are the so-called refugee camps—terrible sights. These are the people who, in panic, are trying to flee from the famine region and who have got this far. And when you finally reach the Volga itself, you will find more refugee camps along the river—a broad, slow, muddy river rather like our Colorado of the West after it leaves the cañons and gets out on the desert. All along this river on which move still a few heatless, lightless, foodless boats, there are many of these camps of men, women and children who want to be taken away anywhere on the boats. The people in the camps have a certain kind of food with them. It is their bread, black, sticky, awful, made of bark and bits of roots and leaves and of "clay"—really humus.